

STATEMENT OF
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THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
ON
INTERMODAL FREIGHT TRANSPORTATION

BEFORE
A JOINT HEARING OF THE
SENATE COMMITTEES ON
COMMERCE, SCIENCE & TRANSPORTATION
AND
ENVIRONMENT & PUBLIC WORKS

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Chairman Reid and Chairman Breaux, thank you for the invitation to appear before this panel on the matter of intermodal transportation and port access. I am pleased that you chose to conduct a joint hearing of your two committees. After all, the subject is *intermodal* transportation. Your collective effort demonstrates that it is important to consider how separate modes of transportation operate as a part of a total system. Congress showed great wisdom in acknowledging the role of intermodalism in modern transportation and commerce with the enactment of ISTEA and then TEA-21. Federal policy and support should continue to evolve to foster the productivity and efficiencies that can be achieved through addressing national transportation needs as a system of connecting and complimentary modes.

As a region that has major port facilities and the nation's largest consumer market we especially feel the impact of the economic globalization on a major gateway and its infrastructure. My hope is that this hearing will heighten your interest in the subject, further your understanding of how the efficient movement of intermodal cargo is a matter of national interest, and convince you that improvements in Federal policy and the level of assistance are warranted.

For the record, the Port Authority of New York & New Jersey is a bistate public authority created in 1921 by our States with the consent of Congress. The Port Authority's mission on behalf of the States is to identify and meet the critical transportation infrastructure needs of the bistate region and provide access to the rest of the nation and to the world. The Port Authority's jurisdiction includes the region's major aviation and marine terminal facilities as well as the PATH commuter transit system, ferry and bus terminals, the interstate tunnels and bridges and other facilities. And appropriate to the subject of this hearing, intermodal transportation was born at Port Newark and, soon after, the first U.S. container port was developed on Newark Bay.

Our operations and projects help move people on air, land and water to the workplace, home and distant places. The region is the most densely populated in the United States and the largest international gateway on the Atlantic. As such, people and freight heavily populate the highways, rail systems and marine terminals as foreign commerce and domestic markets are served in just-in-time fashion. And while you have asked me to focus my remarks on port access I should observe that our region and gateway is as modally diverse as can be, making access and mobility issues that much more complex. Within a one mile radius of our busiest marine terminals is one of the nation's largest air cargo facilities, the northeast corridor rail line serving passengers and freight, interstate highways, and other roads and rail lines in addition to the warehouses, rail yards and businesses that support national and regional commerce. Similar multi-modal views can be seen elsewhere in the bistate area.

Our airports are responsible for roughly 22 percent of all US international cargo, which, combined with domestic cargo, totaled nearly 2.95 million tons in 2000 at a value of \$150 billion. The seaport serves 35 percent of the U.S. population and 200 nations. The terminals in New York and New Jersey handled over 3 million container units (as measured in Twenty-foot Equivalent Units) last year and \$80 billion of general, bulk and breakbulk cargo moved through the port in 2001. At one container terminal alone over 5,000 trucks go through the gates every day. Our on-dock rail terminal handled 200,000 containers per year and is near capacity. And lest you think that our port is the exclusive gateway for our region's consumers and manufacturers, another 750,000 TEUs arrive in our region via rail from the West Coast. Meanwhile, traveling annually over our bridges and through our tunnels are approximately 250 million vehicles while 2.5 million buses use our two terminals in New York City.

Those statistics attest to the vitality of the trade and economic activity that is at work every day. But it also hints at a major challenge we and other regions face.

That challenge is to make sure that American gateways and freight corridors have the capacity to keep up with the growth in trade and the larger economy. To be clear, this is not a case of build it and they will come. It is a matter of...build it because the cargo is coming. In fact it is already here resulting in ever-greater congestion seven days a week. And whether you are talking about commuter routes, air cargo or port access finding new capacity is a present day issue that will only worsen unless actions are taken on a Federal, state and local level to improve efficiencies and expand capacity.

To help you better understand the challenge we face, I would like to paint a present-day intermodal picture for you:

- The New York/New Jersey metropolitan region is a severe nonattainment area for ozone (NOx and VOCs).
 - Approximately 87 percent of ocean borne cargo leaves or arrives at the Port of New York-New Jersey in a truck. Almost all of the remainder travel on rail.
 - At a growth rate of 4 percent a year, estimates show trade in all types of cargo doubling in our port in little over ten years. Nationally, trade will double by 2020.

- Demand for consumer goods is driving continued growth in intermodal trade, which is expected to rise at rates exceeding 4 percent annually. In the past recent years actual growth in general cargo at the port has averaged 6 percent. Container traffic is expected to quadruple by 2020.
- Five thousand commercial cargo ships called in the port in 2001.
- While regional population totals are expected to advance slowly at about 0.3 percent per year to 2020, even this modest growth rate will result in an absolute increase of nearly one million people to the population base creating a greater demand for consumer goods and placing further strains on an aging transportation infrastructure.
- Commercial and retail development initiatives along with growing public demand for access to limited waterfront areas are increasing traffic and land pressure on marine terminals, rail yards, and air cargo operations.
- Distribution facilities are migrating to more affordable locations on the region's periphery and in other states further straining our roadway systems and degrading our air quality as trucks must travel greater distances to deliver commodities to consumers in our urban center
- Our region's highways are at or near capacity. Shortfalls in the rail freight line and yard capacity necessary to accommodate commodity flows are increasing. Competition for capacity on the road and rail systems between commuters and goods movement is fierce.
- Trucks move 90 percent of the region's freight (and 87 percent of the port's intermodal cargo), though they represent about 10 percent of the vehicles on the region's highways and about 7 percent at the Port Authority tunnel and bridge crossings. Freight trains comprise an even smaller proportion of the region's railroad activity, often confined to limited operating times in deference to extensive commuter rail schedules.
- The eight active intermodal rail yards that serve the entire region handle more than 1,000,000 lifts per year and are close to capacity.
- In addition to being among the busiest in the nation, our airports contend with freight access problems, especially J.F.K. International where trucks and passenger vehicles vie for space on the main access route.

Addressing these challenges will require investing in infrastructure and adjusting policies to foster logistically and environmentally smart solutions for the long term. Partnerships are coming together locally and regionally to support projects and we need a strong Federal partner to accelerate these activities. Such partnerships have proven to be successful, exemplified best by the Alameda Corridor project undertaken by our West Coast friends. The public and private sectors, including Federal and State governments, joined in planning and building the Alameda Corridor. And Federal support was crucial to the project being financially feasible.

It is heartening that the U.S. Department of Transportation—the Federal Highway Administration, Maritime Administration and the Secretary's intermodal staff, in particular—and the freight community have devoted recent years to studying freight and intermodal transportation issues. FHWA maps vividly illustrate what the future holds for our country as

international and domestic freight volumes grow at the gateways, borders and along trade corridors. The Maritime Administration's survey of port access problems and recent report of its findings is important work as was the discovery that port access and other intermodal linkages are among the lowest Federally funded transportation projects.

The Port Authority, in coordination with the States of New York and New Jersey, is in the process of developing specific recommendations for future legislation. Therefore I will devote the remainder of this statement to some general observations for your consideration. These are in no particular order.

First, we and other ports greatly appreciate the attention that your committees are giving to the maritime transportation system (MTS). For a country that from its earliest days has depended upon maritime transportation to build and sustain a nation the MTS is the least visible and Federally supported transportation system in the country. That is why we are grateful that the Bush Administration continued the MTS initiative. Consideration is now being given to identifying MTS infrastructure requirements and it is our hope that the Federal government will act affirmatively on that information.

Second, congestion and other bottlenecks to efficient transportation can be found throughout the country, but it is especially severe in major gateways and metropolitan areas that are essential elements of the nation's economic infrastructure and security. As such, those areas, including the New York-New Jersey region, deserve special attention. An older and densely developed area like ours, with roadways, ramps and bridges designed for early 20th century conditions have a special challenge to upgrade facilities to standardized lane widths and weight limits that can accommodate the larger and heavier containerized freight movements.

Third, the significant growth in freight movement that is projected for this country will have to be accommodated efficiently or the nation will suffer the consequences. However, in the Northeast and other heavily traveled areas building new capacity to meet the needs of commerce should not mean that trucking will alone have to bear the brunt of that growth. Clearly trucking will be an essential part of the transport strategy in the decades to come, carrying more and more freight. But in our region trucking and the highways on which they depend are not expected to have the capacity to handle a growing population and the anticipated doubling and tripling of domestic and international cargo. Can many more lanes be added to the region's interstates or to major corridors like I-95, even in the Washington area? And can that be done while maintaining Federal and State clean air objectives? It is evident to us that if we are to avoid debilitating congestion at the port and on the region's highways adjustments will be needed in the modal sharing of intermodal cargo. That leads me to my fourth point.

Even as Congress continues to support the enhancement of highway capacity in the United States your committees should consider how to foster the development of other modes to accommodate increasing demand. Rail certainly is one part of the answer. We are building three new intermodal rail yards at our marine terminals in order to dramatically expand our

capacity to move containers on rail. In addition, the Port Authority is working with the railroads and public agencies to identify specific regional rail projects that will improve line and terminal capacity.

Another answer can be found off our shores. We are undertaking a program to encourage intermodal cargo to move by water where possible. That is made possible in part by the costs of congestion, which have made traditionally long distance modes more competitive over shorter hauls. There is tremendous underutilized capacity on the water. And while moving containers on barges can satisfy the market in the Northeast I think that Congress can look into the future and see how fast vessel technology can bring new capacity to intermodal transportation along major corridors. It is not the solution but if examined for its associated capital, energy and environmental costs it can be part of the solution with Federal support.

Fifth, innovations approved by Congress in TEA-21, such as the Congestion Mitigation Air Quality (CMAQ) and National Corridor Planning and Development programs, were very worthwhile policy steps to take. CMAQ helps regions such as ours make sound transportation choices that are consistent with clean air objectives. The corridor program recognized that special conditions in need of special attention exist at the borders and elsewhere. Those innovations were worthwhile directions to take and they could be improved and expanded even further, especially to add to the capacity of major gateways and corridors.

Sixth, while this hearing is concerned with the movement of freight, it is important to note how attention to freight can achieve improvements for passengers. I think especially of projects intended to divert freight from heavily traveled automobile routes to dedicated freight corridors, whether on land or water. Area transportation agencies have intermodal corridor projects in varying stages. Some were authorized for study in TEA-21, such as the New Jersey intermodal corridor and the cross-harbor rail freight tunnel projects. Port Authority staff have undertaken a comprehensive look at how intermodal freight improvements, primarily linkages between existing roads and rail lines, can be strategically planned and implemented to stitch together freight corridors. Already underway is a Port Authority project to link the Howland Hook Marine Terminal on Staten Island to the Chemical Coast Line in New Jersey. That, combined with the improvements that we have made with the State and City at Howland Hook, will bring intermodal rail access to a fast growing area of the port. It is a significant step in improving direct rail service to New York City. Another project, referred to earlier, is the Port Authority's Port Inland Distribution Network (PIDN), which is in the early stages of implementation. PIDN is intended to mitigate against growing congestion at the marine terminals and on the highways by transshipping via railroads and barges those inbound containers destined for Northeastern locations. The strong level of interest that Northeastern state departments of transportation are showing in PIDN is an indicator of how transportation planners are eager to find alternatives to congested corridors like I-95. An equally strong level of interest on the part of the Federal government could help such initiatives demonstrate how water transportation can manage part of the freight growth. Flexibility in Federal programs can be a way to support such initiatives.

Lastly, the use of intelligent technology has proven very worthwhile in our region for managing the flow of our busy highways and crossings. Continuing and enhanced Federal support in this area would be welcome including expanding the integrated use of technology to expedite, track and more efficiently manage freight movements in congested metropolitan areas. It could also provide a double benefit of added security for cargo shipments.

Senators, the Port Authority of New York and New Jersey and other agencies of the region know we must dramatically strengthen intermodal service options. My department's twenty-year goal is to reduce port reliance on trucking from 87 percent of modal market share to 57 percent by strongly growing water borne and rail market shares. Our capital plan reflects this with its support for dock and near dock rail extensions, port terminal highway improvements and PIDN developments. To do so we need to improve connections to local intermodal service facilities at or near the port with connector highway improvements as contemplated by the NJDOT International Intermodal Corridor Program and its portway element. New York City and New York State are taking a similar tact with plans for rail access, car float and intermodal rail improvements in the City and Long Island.

In closing I should note that a lot of good work is being done by organizations represented at this hearing and others who are not here. The American Association of Port Authorities, the American Trucking Association, the Association of American Railroads, and the Coalition for America's Gateways and Corridors have joined with others in the freight community to develop a common platform to address freight mobility in future Federal policy. The Coastwise Coalition has worked to identify the potential for the maritime sector to accommodate some of the future demand for freight transportation. I think your committees can benefit greatly by the thoughtful attention that has been given to these issues by my counterparts in government and the private sector. Federal freight transportation policy is still in its adolescent stage, which means there is great opportunity for improvement to meet the challenges I have described.

Thank you again for inviting the Port Authority to participate in this hearing. I welcome any questions you may have.